

WEAK GLOBAL PRICES MAY SEND SUGAR EXPORTS CRASHING THIS YEAR

NEW DELHI: AFTER a record high exports last year, shipments of sugar from India are likely to fall nearly 23% on year in the ongoing season due to low prices in the global market.

Prices of sugar in the global market fell to a five-month low of 18.31 cents per pound on Monday, from over 20 cents in the last week of November, mainly due to a rise in supplies. Most export contracts were signed when prices were around 20 cents a pound. However, with a fall in prices, sugar mills have slowed down on signing export contracts.

Rainfall in world's top sugar producer and exporter Brazil is likely to boost cane yields in 2022-23 (Apr-Mar). Thailand has also started its harvest on a strong note and things are going well in India too with output so far higher than 2021-22 (Oct-Mar).

The current sugar prices in India are higher by over 2 cents per pound than those in the international markets, and mills say they would rather wait for global prices to rise than export at lower prices.

"The speed which was there in the beginning has slowed down in the last two weeks because of international prices going down...People want to export, but they are waiting right now for prices to rise," National Cooperative Sugar Factories Federation Managing Director Prakash Naiknavare said. Indian millers sign export contracts mostly before summers, after which cane crushing stops.

When the sugar season started in October, market participants were betting on a 6-mln-tn export target but as the season progressed, those numbers came down to 5.0-5.5 mln tn. In 2021-22, the country had exported a record 7.2 mln tn sugar.

"We can easily and happily do 5.2 mln tn...I'm counting on the natural (export) destinations of India. They will buy from India irrespective of where the world markets are," said Rahil Shaikh, Managing Director of MEIR Commodities India.

So far, mills across the country have signed contracts for export of nearly 4 mln tn sugar, of which, about 50% has already been shipped. Afghanistan, Sri Lanka, Indonesia, Bangladesh, Horn of Africa, among others, have been the major buyers of Indian sweetener.

Contracts for around 1 mln tn sugar are expected to be signed this season, and after this happens, the supply-demand situation in Maharashtra and Karnataka, the country's second and third-largest cane producers, is likely to become very tight, Shaikh said.

Currently, the majority of sugar exports from India is happening from these two states while the largest producer Uttar Pradesh has signed contracts for only 450,000 tn.

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